

**City Commission Meeting
Budget Workshop
July 25, 2022
10:00 a.m.**

ELECTED OFFICIALS PRESENT:

Alan Johnson, Mayor

Mark Grill, Commissioner, District 2

Melinda Pletcher, Commissioner, District 4 – (joined the meeting 1:01 p.m.)

ELECTED OFFICIALS ABSENT:

Chris Graus, Vice Mayor, Commissioner District 1

Ward Friszolowski, Commissioner, District 3

STAFF PRESENT:

Alex Rey, City Manager

Amber LaRowe, City Clerk

Vince Tenaglia, Assistant City Manager

Jennifer McMahon, Chief Operating Officer

Mike Clarke, Public Works Director

Betinda Kettells, Library Director

Jim Kilpatrick, Fire Chief

Mayor Johnson called the meeting to order at 10:20 a.m. followed by the Pledge of Allegiance.

1. FISCAL YEAR 2023 BUDGET WORKSHOP DISCUSSION

Vince Tenaglia, Assistant City Manager, gave a presentation to the Commission to discuss several key points for the upcoming fiscal year, a copy of the presentation is made a part of the record. He reminded the Commission of the millage rate and budget adoption process that the City undergoes annually. The presentation included:

Fund Balance:

- Assigned vs. unassigned balances

General Fund:

- Encumbrances carried forward: \$462,000
- Supplemental appropriations
 - Asphalt removal program
 - Public Works campus
 - Sunset Way/Corey Avenue intersection improvements
 - City Hall generator
 - Fire Station facility repairs
 - Employee retention
 - Pressure washing
- Budget Updates:
 - Parking +17% over budget estimate
 - Half-cent sales tax +20% budget estimate
 - Employee turnover
 - Plan review fees

Funding Challenges:

- Fire Station 22 rehabilitation
 - Discussion: The Commission mentioned having one centrally located Fire Department to service

the entire City. Fire Chief Kilpatrick addressed a study that was conducted about seven years ago that outlines why that is not a feasible option at this time. Commissioner Grill asked for a copy of that study.

- Seawall rehabilitation
- Reclaimed water lateral replacement program
 - No increases are proposed in fiscal year 2023
- Critical wastewater infrastructure

Revenue:

- Ad valorem taxes +\$1,573,090
 - Based on current millage rate
- Public safety fees +\$260,000
 - Based on proposed EMS reimbursement agreement
- Transportation +\$359,000
 - Possible rate increase for consideration, not in the fiscal year 2023 budget estimate
 - Primary goal to reduce congestion
 - Anticipated revenue impact from \$.50 increase from \$3.25 to \$3.75

Discussion ensued on a possible parking rate increase and how that looks to residents who are also paying a higher property tax even with the millage rate staying the same. Commissioner Grill proposed free beach parking for residents and charge visitors and guests. City Manager Rey agreed with Commissioner Grill's perspective on free parking for residents and will work with staff on what that will look like.

Mayor Johnson suggested the City consider a \$.25 increase.

Mr. Tenaglia stated that he took notes of this discussion and more information will be forthcoming.

- Licenses and permits -\$138,000
 - Allocation to Building Fund
- Interest earnings +\$102,700
 - Higher prevailing rates

Expenditures:

- New services and additions
 - Law Enforcement
 - Annual cost escalation and remaining installment of startup costs for 3rd deputy: \$115,000
 - Citywide Freebee expansion
 - Commissioner Grill would like to have information on Freebee contract regarding who pays for the cost to charge the electric vehicles and expressed concern about current charging stations that do not assess a fee to the end user. He asked staff to look into an upgrade to current charging stations so that the City is not incurring the cost.
 - One new full-time employee position
 - Administrative support, grant management assistance, risk management assistance
 - Cost impact \$65,000
 - Credit card processing fees +\$50,000 based on parking upgrades
 - Continued business site improvement grant +\$25,000
 - Current year the amount is \$50,000; proposed increase of \$25,000 for fiscal year 2023 for a total of \$75,000
- Personnel related

- 6% wage increases
 - 3% cost-of-living adjustment
 - 3% merit based
 - Fire Department 3% gross wage increase in addition to steps (negotiation pending)
- Insurance
 - 15% estimated health insurance increase
- Pension
 - General – shift to gross contribution pending
 - Police – contribution utilizing portion of remaining debt proceeds
 - Fire – contribution rate decrease from 41% to 35.5%
- Inflationary pressures
- Technology upgrades
 - Finance ERP system
 - Road mapping surface GPS system

Budget Transfers:

- Capital fund
- Resiliency fund
- Multimodal fund

Mayor Johnson recessed the meeting at 12:13 p.m.

Mayor Johnson reconvened the meeting at 1:01 p.m.

Millage Rate:

- 14.3% property value increase
 - Commissioner Grill would like to know the percentage of residents that are homestead
- Proposed millage rate is 3.1500 mills, the same millage rate since 2015
- Revenue increase: \$1.57M
- Millage rate options were discussed to include the projected revenue from said millage rate, variance vs. proposed, and the voting requirement to implement such millage
 - Rolled-back rate is 2.7698 mills

Commissioner Pletcher discussed rolled back rate versus the current rate of 3.1500 mills and the impact if the City were to go back to the roll-back rate as in staffing, expected services, and new/needed services. She understands the impact on the residents as well and does not take that lightly.

Commissioner Grill agreed with Commissioner Pletcher and understands the economic impact to the City and to the residents. The Commission discussed maintaining current services versus projected improvements.

In regard to compensation, Mr. Tenaglia stated that in the current proposed budget there is funding allocated for a compensation study for the employee positions.

Building Fund:

- Reserves \$2.3M
- FY 2022 budget updates
- FY 2023 key changes
- FY 2023 net revenue \$760,670

Fleet Fund:

- Reserves \$660,000
- FY 2022 budget updates
- FY 2023 key changes
- FY 2023 net revenue \$213,771

Multimodal Fund:

- Reserves \$70,000
- FY 2022 budget updates
- FY 2023 key changes
- FY 2023 net expenditures \$38,600

Capital Fund:

- Reserves \$50,000
- FY 2022 budget updates
- FY 2023 key changes
- Technology upgrades
- FY 2023 net expenditures \$20,546

Resiliency Fund:

- New fund effective FY 2023
- Short term –
 - Funding source for seawall rehabilitation program
 - \$3.34M over next five years
- Long term –
 - Goal to maintain FY 2023 contribution (\$786,500) as minimum baseline
 - Seawall rehabilitation total \$9.7M over next ten years
 - Develop funding source for long term resiliency challenges, matching funds for future grant opportunities
- FY 2023 net revenue \$566,500

Wastewater Fund:

- Reserves \$480,000
- FY 2022 budget updates
- Chart of number of gallons treated
- FY 2023 key changes
 - **No proposed rate increase**
- FY 2023 net revenue \$778,856

Reclaimed Water Fund:

- Reserves \$340,000
- FY 2022 budget updates
- FY 2023 key changes
 - **No proposed rate increase**
- FY 2023 net revenue \$1,376,070

Stormwater Fund:

- Reserves \$670,000
- FY 2022 budget updates

- FY 2023 key changes
 - **No proposed assessment increase**
- FY 2023 net expenditures \$106,700

Capital Improvement Program (CIP):

A list of the 10 top ranked projects were discussed as suggested by the Finance Board.

Jennifer McMahon, Chief Operating Officer, discussed facility renovations to include the restroom upgrades to various City facilities and parks.

Mike Clarke, Public Works Director, discussed air release valves and alleyway improvements.

Discussion ensued regarding the ranking of the CIP.

Grant Status:

Mr. Tenaglia discussed 9 grants that were submitted, have been awarded, or are pending. Total awarded equates to \$3,729,000 with a total of \$1,758,000 in outstanding applications.

Mayor Johnson adjourned the meeting at 3:39 p.m.

MINUTES APPROVED: AUGUST 9, 2022



AMBER LAROWE
CITY CLERK



ALAN JOHNSON
MAYOR